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Issue: 10-46

November 19th, 2010

- **Wholesales up 1.1% in September**
- **BC's mortality rate down 8.0% between 2000 and 2007**
- **Manufacturing sales climb 1.5% in September**

The Economy

- **Wholesale merchants' sales in BC climbed in September (+1.1% *seasonally adjusted*), building on a matching increase in August (+1.1%).** Canadian sales edged up 0.4%, as gains in most provinces offset declines in Ontario (-0.3%), Quebec (-0.7%) and New Brunswick (-1.7%). Every western province saw wholesales increase, with the biggest jump recorded in Saskatchewan (+3.9%).

Data Source: Statistics Canada

- **Manufacturing sales in British Columbia were up 1.5% (*seasonally adjusted*) in September, following a 0.5% increase in the previous month.** Non-durables manufacturing got a 1.0% boost, mostly as a result of stronger sales from manufacturers of paper products (+5.0%). Makers of food (+0.4%) and plastics & rubber (+2.1%) products also made gains. Increased sales figures for the wood, machinery and non-metallic mineral industries (each up 1.3%), together with several others, acted to offset a 2.2% drop in shipments from producers of primary metals, leaving manufacturing sales of durables relatively strong (+1.9%) in September.

Canadian manufacturing sales inched down 0.6% in September, pulled down by the transportation industry (-7.5%). Partially offsetting this decline were gains in the petroleum and coal (+6.2%) and primary metal (+3.3%) industries. Manufacturers in four provinces saw sales slip, most notably in Quebec (-2.3%) and Ontario (-1.6%). Sagging production of motor vehicles at some plants in Ontario helped push that province's manufacturing sales lower,

while Quebec saw sales decline in 17 of 21 industries. Meanwhile, PEI (+11.0%) and Alberta (+2.7%) led the way in provincial gains.

Data Source: Statistics Canada

- **British Columbia's dealerships sold 13,379 (*seasonally adjusted*) new motor vehicles in September, an increase of 1.5% from August.** This was the fifth increase over the past six reporting months.

Nationally, new motor vehicle sales were up 4.2% in September, bolstered by strong sales of trucks. Sales of both North American-built and overseas-built passenger cars accelerated, and more vehicles were driven off car lots in all provinces.

Data Source: Statistics Canada

- **The total number of hours worked in British Columbia's business sector fell 5.2% between 2008 and 2009, as employment shrank 3.5% while the average number of hours workers spent on the job dropped 1.7%.** Among BC's goods-producing businesses, total hours worked were down 13.1% last year, whereas the service industries posted a more moderate decrease (-2.1%). The main contributors to the decline in hours worked in BC were forestry, mining, construction, manufacturing and wholesale trade. In 2009, businesses across the country adjusted to the economic downturn by sharply reducing hours worked.

Overall labour market conditions were variable among the provinces with the change in labour productivity (GDP per hour worked) ranging from -8.7% in Newfoundland to +2.0% in Quebec. Labour productivity among businesses in BC increased 1.2% in 2009, well above the Canadian average (+0.0%). Last year,

Report

**The Buck Stops Where?
Are We in a Global Currency War?**

Did you know...

Four in ten (42%) British Columbians claim that the state of the economy has forced them to hold on to their current vehicle longer than they would like. *Source: Ipsos Canada*

the average hourly compensation rose 2.2% in the province, compared to a 3.0% boost at the national level.

Data Source: Statistics Canada

- **The number of people receiving regular Employment Insurance (EI) benefits in British Columbia jumped 5.5% (+4,370, seasonally adjusted) in August.** However, compared to the same month of last year, the number of recipients declined substantially (-13.9%, or by 13,530). BC boasted one of the largest year-over-year decreases in beneficiaries in the country, behind only Alberta (-32.4%) and Ontario (-20.5%). Nationally, the number of beneficiaries fell 14.8% from August of 2009.

Data Source: Statistics Canada

Environment

- **In 2008, BC businesses spent \$429 million in operating expenditures on environmental protection.**

BC accounted for eight percent of the \$5.2 billion spent by the Canadian business sector on operating expenditures. Ontario businesses contributed 30% of total Canadian environmental protection operating expenditures, Alberta made up 27% and Quebec's expenditures reached 19% of the national total.

Canada-wide, environmental protection expenditures (including capital and operating expenditures) totalled over \$9.0 billion, up 5.3% from 2006. Operating expenses accounted for nearly all of this increase (+10.0% to \$5.2 billion). The largest expenditures by industry were made in the oil and gas extraction industry.

Data Source: Statistics Canada

Mortality and Cause of Death

- **Between 2000 and 2007, age-standardized mortality rates in British Columbia dropped steadily from 556 to 512 per 100,000 population (-8.0%).** In 2007, the two leading causes of death in the province, cancer (29%) and heart disease (31%), were together responsible for nearly two-thirds (60%) of all deaths. Relative to 2000, a smaller share of the BC population died as a result of heart disease (-4 percentage points), while a larger propor-

tion succumbed to cancer (+1 percentage point). A somewhat higher percentage of deaths was attributable to diabetes in 2007 than in 2000, while the share of deaths due to the flu was down.

There were notable differences in the causes of death between men and women in 2007. For example, accidents were the third leading cause of death among men in BC, accounting for five percent. For women, on the other hand, accidents ranked fifth, explaining only three percent of female deaths. Alzheimer's, however, claimed a comparatively greater number of lives for women (3%) than men (1%).

Data Source: SC Catalogue no. 84-215-X

Note: To control for the impact of population aging, comparisons over time are made using the "age-standardized mortality rate." This removes the effect of differences in the age structure of populations among areas and over time.

The Nation

- **The nation's composite leading index climbed 0.2% in October, mirroring the deflation recorded in September (-0.2%).** Much of the strength can be attributed to gains in the financial components, particularly stock market performance (+1.5%). Meanwhile, the housing index remained the weakest sector (-1.7%), falling for the sixth straight month. In the US, the leading indicator was up 0.2% last month.

Data Source: Statistics Canada

- **Canadians invested \$4.6 billion in foreign securities in September, the largest outflow since March.**

Similarly, foreign investors acquired a substantial number of Canadian securities, totalling \$12.3 billion. Non-residents added \$3.3 billion to their holdings of Canadian equities in September, nearly \$9.0 billion in bonds and \$158 million in money market paper.

Data Source: Statistics Canada

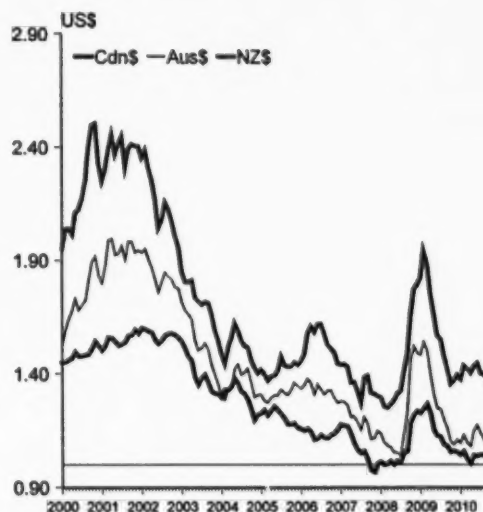
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The Buck Stops Where? Are We in a Global Currency War?

Currency manipulation is becoming a growing threat to global economic recovery as countries engage in competitive devaluation policies that are reminiscent of those that occurred in the 1930s. In order to prop up falling exports, many countries are intervening in the market to reduce the value of their currency using means such as cutting interest rates, buying foreign currency, printing more domestic currency and putting restrictions on foreign investment. This race to the bottom has been labelled by Brazilian Finance Minister Guido Mantega as a "currency war." Mantega has proposed the creation of a "currency manipulation index" that would be monitored by the International Monetary Fund (IMF). Those countries found guilty of currency manipulation would be subject to World Trade Organization (WTO) sanctions.

The real concern over currency manipulation is that it will lead to widespread protectionism and that tit for tat devaluations will interfere with the workings of foreign-exchange markets. For a country as dependent on trade as Canada, this is a serious concern. Export dependent nations such as Canada, New Zealand and Australia have experienced significant appreciation of their currencies in recent years. The movement of these three currencies has followed a similar pattern over the last decade. While all of them depreciated during the trough of the global economic slump as investors took shelter in the US dollar, they have since rebounded with both the Canadian and Australian dollars flirting with par with the US greenback in the last few months.

The currencies of exporting nations such as Canada, Australia and New Zealand have appreciated significantly over the last decade

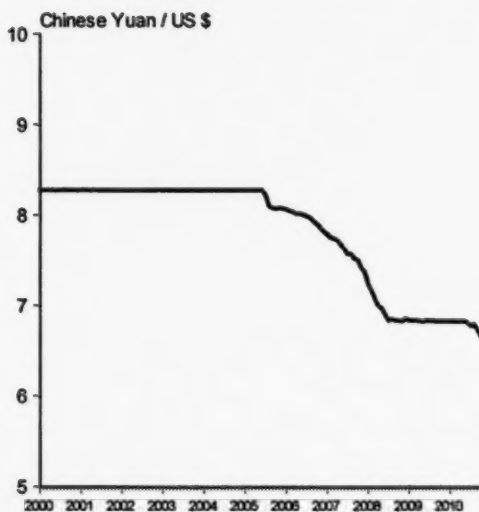


Source: UBC Sauder School of Business

One country that has borne the brunt of criticism has been China. For many years, the Chinese yuan was pegged to the US dollar. Since the yuan was not allowed to float freely, this created a substantial trade imbalance, not only between the United States and China, but also between other countries and China, including Canada. Since China did not allow their currency to appreciate as dictated by market forces, it meant that the cost of Chinese imports were unaffected by exchange rates, which essentially gave China an unfair advantage. In a normal market situation, the rise in demand for a country's products would result in a corresponding increase in value of the country's currency. This would in turn increase the cost of those goods to foreign buyers. Eventually the marketplace should achieve some sort of balance, but with the value of the yuan kept artificially low, this means that the normal market mechanisms are not allowed to work and Chinese goods are also priced

artificially low, which gives Chinese producers an advantage over their foreign competitors.

China has been hesitant to allow the yuan float freely



Source: UBC Sauder School of Business

In 2005, China partially gave in to pressure to allow its currency to float by permitting the value of the yuan to fluctuate within a narrow band based on a basket of currencies. Over the following three years, the yuan appreciated significantly, but in the midst of the economic crisis in 2008, China once again pegged the yuan to the US dollar in an attempt to shield its exporters from the global slump. It was only in June of 2010 that the yuan was allowed more exchange-rate flexibility, yet it is still restrained and has only appreciated around 2% over the last several months, which has drawn more criticism from the United States and other nations. The frustration felt by the American government over this situation led them to approve a measure that would give Washington the power to penalize governments that practise currency manipulation. Ironically, this move has resulted in accusations by the Chinese government that this measure is tantamount to protectionism.

The United States is also being criticized for its policy of "quantitative easing," which essentially means that they are putting more money into circulation by buying government bonds. The result of putting more money into circulation is that the money currently in circulation will lose some of its value. In other words, quantitative easing results in currency depreciation, which in turn makes American exports cheaper for foreign buyers. As one economist noted, "The US is doing a lot of screaming about currency manipulation, but it's the one doing the manipulating."¹

However, China and the United States are not the only countries involved in currency manipulation. In the last month, Japan, South Korea and Brazil have all stepped in to limit the appreciation of their currencies and other countries have also been involved in some form of currency manipulation in the last year.

For Canada, this has resulted in an artificially high value for the loonie, which is having a negative impact on the country's exporters. If these policies continue, there is the potential that it could devolve into a global trade war, which could derail the economy once more. This begs the question, where will the buck stop?

¹ Dr. Ken Courtis, former vice-chairman of Asia for Goldman Sachs, quoted in: Hartcher, Peter, "We may have landed the booby prize in the currency wars," *The Age*, October 19, 2010 (www.theage.com.au).

Developing Satisfaction Surveys

This workshop teaches the fundamentals of designing and implementing an effective satisfaction survey. The course material will assist researchers in producing respondent friendly questionnaires that result in useful and accurate survey data. The course will also help to provide an understanding of the importance of client and employee satisfaction in strategic decision making and business planning. The unique aspects of this type of survey enable you to determine your client's service expectations and their perceptions of your organizations performance.

Workshop Topics include:

Survey Planning

- Performance measures
- Client satisfaction vs. employee satisfaction
- Fundamentals of collecting data and maximizing response

Sampling Methods

- Probability vs. non-probability sampling
- Sample types and exit surveys
- The factors affecting sample size

Questionnaires

- Question structure; open and closed questions
- Rating scales
- Questionnaire design; wording, sequencing and layout

Processing and Analysis

- The "drivers" of satisfaction
- Summarizing, graphing and presenting survey findings

VANCOUVER

Nov. 30– Dec. 1, 2010
8:30 am - 4:30 pm

Venue

2nd Floor, Library Square
300 West Georgia
West Georgia St., Vancouver

Register early as space is limited

Fee is \$550 + applicable taxes
Early registration: \$499 + taxes
(at least 3 weeks prior)

Learn from the Survey Experts!!

F.T.

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Visa __ M/C __ Amex __ Cheque __ Amount \$ (incl. taxes): _____
Card No: _____
Cardholder: _____ Expiry Date: _____
Signature: _____

To register, please return form to:

Workshop Registrar
Statistics Canada
600– 300 West Georgia Street
Vancouver, BC, V6B 6C7
Tel: Toll Free (888)-799-0050
Fax: Toll free (877) 287-4369
west.info@statcan.gc.ca

Please make Cheque and Money Orders
payable to 'Receiver General for Canada'

Cancellation Policy - Cancellations received in writing 7 business days prior to the start date of the workshop will receive a full refund. After that date no refunds will be made, but a one-time substitution will be permitted. Please advise the Workshop Coordinator 3 business days before the workshop for substitutions. However, if you do not cancel and do not attend, you will be charged the full registration fee and no substitutions will be made. Travel and accommodation expenses are the responsibility of the workshop participants.

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BC at a glance . . .

POPULATION (thousands)		Jul 1/2010	% change on one year ago
BC		4,531.0	1.6
Canada		34,108.8	1.2
GDP and INCOME (Released Nov 4)		2009	% change on one year ago
(BC - at market prices)			
Gross Domestic Product (GDP) (\$ millions)		191,006	-3.4
GDP (\$ 2002 millions)		161,851	-1.8
GDP (\$ 2002 per Capita) (reflects revised pop)		36,287	-3.5
Personal Disposable Income (\$ 2002 per Capita)		25,374	-1.9
TRADE (\$ millions, seasonally adjusted)			% change on prev. month
Manufacturing Shipments - Sep 2010		3,082	1.5
Merchandise Exports - Sep 2010		2,402	4.1
Retail Sales - Aug 2010		4,771	-0.1
CONSUMER PRICE INDEX		% change on one year ago	12-month avg % change
(all items - Sep 2010)			
BC		1.6	0.8
Vancouver		1.9	1.1
Victoria		1.2	0.5
Canada		1.9	1.4
LABOUR FORCE (thousands)		Oct 2010	% change on prev. month
(seasonally adjusted)			
Jobs Created (-Lost) - BC		1.5	
Labour Force - BC		2,507.0	0.0
Employed - BC		2,321.8	0.1
Unemployed - BC		185.1	-1.5
			Sep 2010
Unemployment Rate - BC (percent)		7.4	7.5
Unemployment Rate - Canada (percent)		7.9	8.0
INTEREST RATES (percent)		Nov 17/2010	Nov 18/2009
Prime Business Rate		3.00	2.25
Conventional Mortgages - 1 year		3.35	3.80
- 5 year		5.19	5.84
US-CANADA EXCHANGE RATE		Nov 17/2010	Nov 18/2009
(avg. noon spot rate) Cdn \$ per US \$		1.0207	1.0500
(closing rate) US \$ per Cdn \$		0.9763	0.9483
AVERAGE WEEKLY WAGE RATE		Oct 2010	% change on one year ago
(industrial aggregate - dollars)			
BC		828.30	2.4
Canada		830.61	1.8

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics
For latest Weekly Financial Statistics see www.bankofcanada.ca

Science Related Occupations

How many people work in science-related occupations? Which industries employ them? What's the labour market outlook for workers in these occupations? A recently-released report on science-related occupations explores these issues. On WorkBC site; authored by BC Stats.

http://workbc.ca/docs/BC_Science_Related_Occupations.pdf

Trade Occupations Outlook to 2019

How many people work in trades-related occupations? Which industries employ them? What's the labour market outlook for workers in these occupations? A recently-released report on trade occupations explores these issues. On WorkBC site; authored by BC Stats.

http://workbc.ca/docs/BC_tradesoccupationoutlook_2009-2019.pdf

Small Business Profile 2010

The 2010 Edition of the annual profile of small business in British Columbia is now available. The report provides information on British Columbia's small businesses, including number of businesses, employment and small business' contribution to the provincial economy.

www.bcstats.gov.bc.ca/data/bus_stat/busind/sm_bus.asp#sbp

Released this week by BC Stats

- No subscription releases

Next week

- Consumer Price Index, October 2010
- Business Indicators, November 2010
- Quarterly Regional Statistics, 3rd Quarter 2010